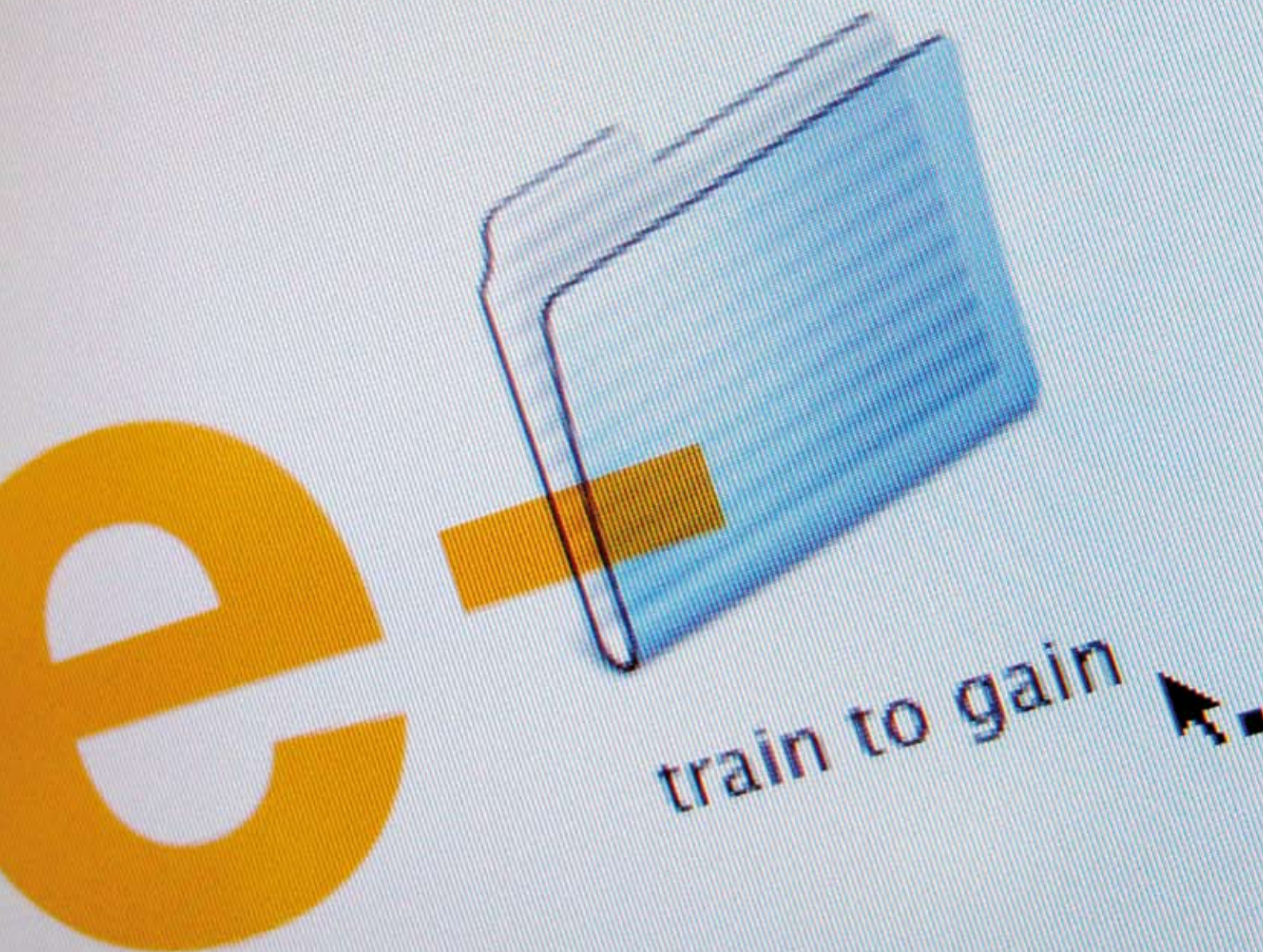


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**Is shared service still more
a vision than a reality?**

Capita launch white paper

Local government must ensure that its leadership is bold and creative to transform the communities that it serves. 'Place shaping agenda' will help to secure the well being of communities, but local government must also maximise public value and provide its citizens with local solutions to meet their needs and choices.

Models of local governance are evolving that allow elected councillors to better influence and shape the range of public services that impact on the lives, environment and prosperity of local communities. This requires enhanced partnership between local authorities (LAs) and public agencies.

The models also require closer collaboration with community and third-sector groups and businesses, and demand effective communication, consultation and engagement with communities. LAs also face the new 'duty involvement'. Above all, local government must ensure best value and maximise outcomes for given levels of expenditure.

For the majority of LAs these practices are not new. Local government has pioneered many innovative ways of providing community leadership with the focus on outcomes, not processes, and securing the efficient use of resources.

LAs are challenged by the constant, growing demand for new systems and more management resources to improve public services. Citizens expect to be involved in 'place shaping' strategies and service design, and many services will want personal or neighbourhood choice with services shaped to their needs and preferences. But the next four to five years will be constrained by very tight financial settlements.

The Comprehensive Spending Review and the political limitations on council tax increases mean that LAs will continually need to achieve more for less to secure value for money, and to find more effective and efficient ways to use their resources.

In this environment, strategic commissioning will be essential for LAs to be effective. Commissioning should not be confused with procurement, which is one way of executing decisions derived from commissioning. Across the country, LAs are demonstrating that they are able to commission responsive services which deliver quality outcomes on a value for money basis.

These services are increasingly being delivered by LAs' directly managed teams, other public sector agencies, the third sector, businesses and combinations of these organisations.

LAs want to direct resources to achieve their key objectives and those expressed by their communities. This usually means more emphasis on outcomes from externally focused services that benefit the community, individual citizens, local businesses and voluntary groups.

There has been much discussion over the last few years about the potential contribution shared services can make to the realisation of local government's objectives. It is encouraging to witness the development of plans to turn the shared service conversation into practical programmes.

LAs are increasingly adopting a shared service

A model

Shared services can pave the way to transforming local communities for the better. Capita Group's **John Tizard** advises that models of governance can help enhance the partnerships and enrich local areas



approach – it can work for a number of support service areas:

- HR/pensions/payroll administration;
- financial administration;
- IT support services;
- IT systems;
- contact centres and customer access services;
- procurement;
- revenues and benefits;
- legal services;
- audit services; and
- property management and civil engineering consultancy.

The initial shared service approach for authorities is typically in areas such as financial administration and HR processes, but these will expand as the benefits are recognised. Collection of national non-domestic rates, council tax and the process elements of housing benefits, for example, could achieve savings of around 30% per year, depending on the starting point.

However, it would be wrong to consider the

future



shared services agenda only in terms of cost savings – important as these are. They can also improve effectiveness, justify investment in new modernising systems and processes, enhance resilience and offer career prospects for staff. A significant contribution to the wider community leadership agenda and cross-sector collaboration can also be made by:

- underpinning joint working;
- connecting customer focused access to services;
- providing shared systems and databases subject to data legislation;
- reducing costs and release resources; and
- providing the catalyst for process and business change.

Shared services have a major role to play in the transformation strategies LAs are considering and adopting, though presently there is much more talk and consultancy activity than there is action. In the area of support services the models include:

- shared service centres available to all departments across a single authority;

- sharing with other LAs in the same area or on a national basis; and
- local, cross public sector agency sharing, eg, local government and a Primary Care Trust (PCT) or based on wider public service boards.

The shared service approach can produce economies of scale, but requires re-engineering of business processes and not just aggregation. The user community will also need to be prepared and able to change practices and to adopt new business processes in order to maximise the benefits.

Shared services do not have to mean uniformity of services to all users, customer-facing services should be bespoke at the point of front-line delivery. For example, a contact centre that answers calls for a number of LAs will use the name, brand and information relating specifically to the customer and his or her authority.

There are a number of ways to develop and deliver shared services:

- LA consortia;
- joint ventures between public sector organisations;
- joint ventures between business sector and public sector organisations; and
- business sector organisations delivering outsourced services.

The business sector providers and the local government community need to consider how best to work together to develop models for service delivery, agree standardised processes and create procurement and governance arrangements that make sense to all parties. They also need to consider how to evaluate business models to provide local government and others with the confidence to take this agenda forward. The LGA and 4Ps are showing such leadership, and this is commendable (1).

Ideally, a brokerage service and advisory support should be available to local government to support the drive for shared services across the sector. These services could be located in, or controlled by, local government itself.

Local government and business should work together with the trade unions to engage employees in the development of, and decisions on, shared service projects. They should support employees through change and ensure they have access to training and personal development to take advantage of new opportunities.

The shared services agenda can offer local government and its communities many benefits. But LAs need to make sure the approach they take delivers more than just cost savings. It needs to offer enhanced public value and better public services. The challenge now is to make it a reality. ■

(1) 4ps (Public Private Partnerships Programme), the local government procurement expert, was established in 1996 by the English and Welsh local authority associations (predecessors to the LGA)

John Tizard, Group Director of Government and Business Engagement, the Capita Group plc, based this article on a Capita White Paper, *Shared services: a means to an end*. For further information email: lg.enquiries@capita.co.uk

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At Capita we continue to focus on building partnerships to design and develop streamlined solutions for the public and private sector so that they can deliver more flexibility and choice to the communities they serve. Our modern Business Process Management (BPM) tools and our domain expertise allows business processes to be modelled and deployed using capacity, skill mix and flexibility to address all aspects of the shared services agenda resulting in performance improvement and real cost savings.